

## REPORT TO PMA MEMBERS

May 1996

PMA News - 1996 - The Voice of PMA

Vol. VI

*"I was once asked if a big business man ever reached his objective. I replied that if a man ever reached his objective he was not a big business man."*

Charles M. Schwab

### USA DETERGENTS PROGRAM TAKES OFF!

Peer's 1996 U.S.A. Detergents program is off to an outstanding start. 31 members are now participating in the program which include lower shipping minimums (250 cases), a Kick-off 90 day truckload pricing, distributor accrual monies, retailer accrual money, and

#### STRONG SALES!

**How Strong?** Consider this sales fact. Steve Opperman of Caldwell Wholesale Tobacco Co., Shreveport, LA decided to participate in the Peer program with an initial order of 250 cases on April 12, 1996. The product sold so fast he more than doubled his next order placed on May 13 by ordering 510 cases!

(By the way, the stock is hot too. USAD trades on NASDAQ. I got a Buy recommendation from one of our Board members. The IPO last year was \$14.50, in Jan. Split 3 for 2, closed on May 13 at 44%)

What's next for this program? SPEEDWAY.

U.S.A. Detergents now has a car care line. This line is part of our program (minimum, accrual program, etc.) Please find the product information included with this mailing.

**URGENT NEED!!** We need more members to participate in this program. The more participants, the more money available for patronage dividends at year's end.

Call PEER (1-800-324-4884) or our contact BEN SLOAN (770-594-1152)(Fax 770-594-1066).

### BOARD OF DIRECTORS MEETING

to be held June 1, 1996

A meeting of the Board of Directors of Peer Marketing Associates, Inc. will be held in Paramus, NJ on June 1, 1996. We urge you to contact a Board member or Peer Headquarters to discuss any issues you wish presented to our Board.

### WE'LL BE AT THE SOUTHERN!

If you are attending The Southern, please attend the Peer meeting scheduled for Saturday, June 8 at 11:00 AM, Ben Hollander Room, Peabody Hotel, Memphis, Tennessee. We will be discussing the Peer programs.

Also we have invited R. J. Reynolds to join us at 11:30 AM to discuss our Cigarette Program. For more information contact Vince Montini at

1-800-324-4884

### CONGRATULATIONS!

**JOHN ZARBATANY** of Peter P. Dennis, Inc., Phillipsburg, New Jersey on his induction into the National Confectionery Sales Association Candy Hall of Fame. Award presented May 18, 1996, TropWold Casino Hotel in Atlantic City. He is inducted as distributor merchandiser. He joins Frank H. Falter, Sr. and Dale Burkland, also members of Peer, who have been previously inducted as distributor merchandisers.

**QUESTION? WHAT DO**

Adel Grocery	Kennedy Wholesale
Cash-Wa Distributing	Liberty USA
City Whlse. Grocery Co.	Middlesex Tob. & Conf.
Columbo Candy & Tobacco	Moreland Wholesale
Elmira Distributing	Pine State Tobacco
Empire Candy & Tobacco	Smith Wholesale
Farner Bocken Co.	Stewart Candy Co.
H.B. Paulk Grocery Co.	The Farmer Co.
Hibbert & McGee	Wilson Wholesale
J. Polep Dist. Services	

**HAVE IN COMMON?**

They have all recognized the Hot Item

**ULTIMATE SNACKS**

Ultimate Snacks Goal Tracking		
Sales	First Level Goal	% Achieved
75,000	250,000	30%

**IT'S HOT!**

**ULTIMATE SNACKS** Krispy's and Brownie products. 19 members participating in the program 3 more soon to get on Board.

Here is what is creating all the excitement!!!!

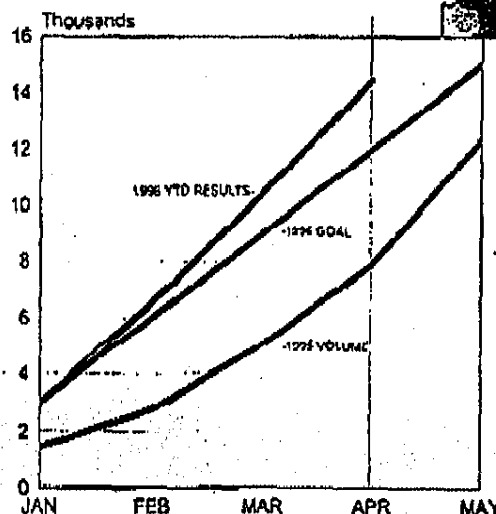
Members get Promotion Pricing for all of 1996  
if orders received by June 30, 1996.

	Per Unit
Oreo Krispy	.485
Candy Krispy	.485
Snickers Brownie	.56
Butterfinger Brownie	.56
Milky Way Brownie	.56
Baby Ruth	.56

Margins (Total Spread)	
Brownie	43.4%
Krispy	51.0%

- ◆ First 25 Cases guaranteed for 60 days
- ◆ Terms Net 20
- ◆ Min. Shipment Promotion Price - 25 cases
- ◆ **Hurry - Order before June 30, 1996**

- ◆ Ultimate Snacks brokers will be contacting you within 2 weeks. Please place order with them or get our Peer program to your buyers and urge them to give the brokers orders before 6/30/96.

**RJR COAL TRACK****PEER****CIGARETTE CASE VOLUME****PEER CIGARETTE YTD VOLUME**

YTD THROUGH APRIL  
(IN CASES)

'96	'95	% DIF
14527	7955	+82.6%

'96	GOAL	% DIF
14527	12000	+21%

**TOP 10 YTD CIGARETTE CASE VOLUME MEMBERS**

	BRAND	STATE
DUSA Dist. Center	Best Choice	FL
Holiday Wholesale, Inc.	Cardinal	WI
Head Distributing Co.	Best Choice	GA
McCarty-Hull Cigar Co.	Cardinal	TX
Cash-Wa Distributing	Cardinal	NE
Pine State Tob. & Candy	Jacks	ME
J. Polep Dist. Service	Jacks	MA
Corr Williams	Pilot	MS
Herkimer Wholesale	Marker	NY
Consolidated Simon Dist.	Quality Smokes	NJ

51860 9843

**THE PEER CIGARETTE BRAND**  
It's more than just Rebates, Allowances, and Accrual Money  
by Vince Montini

It happens often during the week here at the Peer Headquarters. The phone rings. Marj Davidson announces and identifies an active member in our cigarette program. I answer the phone, "Hi Mr. Peer member, It's good to hear from .....", the greeting is cut short. Our member has a BIG concern about his Peer brand. "Vince, take me through these numbers again."

List Price	9.19
Off Invoice	1.20 *
Monthly Rebate	.30
Terms & EFT	.34
	7.35
Marketing Accrual	.80
	6.55

\* Some members receive \$1.50 Off Invoice and no monthly rebate. Other members receive \$2.00 Off Invoice and .30 marketing accrual.

I go on to explain accrual money that Peer distributes to members periodically. "Need to get a little closer", says the member. He goes on to explain that a large cigarette manufacturer just left him leaving behind a fist full of cash to promote his brand. The same company is at retail buying down another brand style. I can almost predict what his next sentence is going to be, "And what about these bottom-feeders out there who are selling this stuff under \$5/ctn.?"

It now becomes my turn to explain an area that is an important, yet a confusing part of our brand's price structure. Two separate payments: RJR's Share of Category payments and The Partners Program. The challenging part of this explanation is to try and clearly do it over the phone.

Share of Category was easy to explain in 1995. RJR-Forsyth set a floor of .40/ctn in an effort to jump start their private label program. Now the amount is determined based AIM data tracking volume of all RJR Savings Brands (Doral, Peer Brand, other Forsyth brands you may carry for your retailers and yes, even Monarch and Best Value). After RJR's share of market in the saving category is determined it is converted to a penny amount and multiplied by the carton volume of the Peer brand. For example, if the RJR share in the savings Category is 24%, .24¢ x each Peer carton will give you the amount of money you receive. A check is issued every six months. The maximum our members can receive is 50¢/carton based on 50+% share.

Members often fire back with a criticism, "But like Partners, how do I know what the amount will be every six months or a year from now?" Good point! But here's where we need to insist that our partner RJR supply us with data to help us manage this category.

Consider this fact, on average 30% of a wholesales profit potential comes from industry trade programs.\* Is there another part of your business where you just roll the dice and hope 30% of your potential profit will be realized? Of course not. You manage it! This part of the cigarette category needs to be managed also.

RJR now has the ability to supply each Plan A Partner participant with numbers as to where you stand with Share of Category and Partners. If you are not being supplied those figures you're not managing your profit potential from Industry Trade Programs. Insist on it from your RJR Account Manager.

I was recently invited to RJR's headquarters to view a Wholesale Profitability Analysis presentation. It was interesting to see how the Peer brand enabled our members to achieve their Partners objectives by earning them increased per carton trade monies not only on the Peer brand, but all RJR brands. The true Category manager will maximize the entire industry's Trade Program monies.

\* This percentage can be higher or lower depending on your participation levels, as well as your cigarette margins.

(Continued next page)

51860 9844

To get the data needed to make your decisions, RJR's sales force can demonstrate via lap-top computer, information and scenarios on all Industry Trade Programs. Tell your Reynolds Account Manager that you need a Wholesale Profitability Analysis (WPA) presentation on your cigarette business.

This presentation has been used with a few of our members who were not participating in our cigarette program. It convinced them to participate in our program. Bob Nagle of Reid's Confectionery was one such member. Soon after I came on board here at Peer, Bob told me that he needed someone to explain how a Peer brand could be advantageous to his business. The WPA presentation was a valuable tool used to assist him in making the right business decision to better manage this category.

To those members who have sat through my phone explanation of Share of Category and Partners and Peer pricing, I apologize. My hope is that my future explanations combined with the Reynolds presentation will be a valuable help to you and all our members in managing your cigarette category. This will also ensure the success of our Co-op's cigarette program.

**PEER**  
**We'll Be On The Floor**

At the AWMA 51st National Summer Convention & Exposition, JULY 18-20, our cooperative will have a 'Members Only' private showfloor meeting room. Our members will be able to use this room to:

- ◆ Meet one on one or in groups with other members
- ◆ Meet one on one with Vince Montini
- ◆ Meet with manufacturers/suppliers who are or desire doing business with our cooperative

If you would like to reserve time in our meeting room and/or make an appointment with Vince, please contact us at Peer - 1-800-324-4884.

**"Meet Me in DC"**  
Washington Convention Center  
Washington, D.C.  
July 18 - 20

## **HOT MID SUMMER ITEMS**

### **POP POP SNAPS Item #PPS 50506**

- ◆ 50 per box, 50 Boxes to Display
  - ◆ 6 Displays to Shipper
- Cost: \$3.65/Display  
.073/Box

Less: Peer Allowance 2%  
(Take Off Invoice)

SRP: .29  
Margin: 75%  
Terms: Net 30 Days  
F.O.B.: Chicago

## **WATER GRENADE BALLOONS** **Item #1127**

- ◆ 2 Dozen Clip Strip
- ◆ 20 Count Package
- ◆ Packed 6 Clip Strips

Cost: 12.24 per Clip Strip  
.51¢ each

Less: Peer Allowance 3%  
(Take Off Invoice)

SRP: \$1.19  
Terms: Net 30 Days  
F.O.B.: Ohio  
Prepaid Freight: \$500  
Min. Order: 2 Cases

## **WASHABLE SIDEWALK CHALK** **5 Washable, Non-Toxic** **Pentech Jumbo Sidewalk Chalk** **Item #91755**

Packed: 5 Count Blister Peg Card  
Master Case: 4 Dozen  
Inner Case: 6 pc. Inner (8 Sales to Case)  
Cost: .53¢ each Package

Less Peer 5% Allowance (Off Invoice)

SRP: \$1.29  
Terms: Net 30 Days  
F.O.B.: NJ  
Prepaid Freight: \$500